

Cloquet City Hall Council Chambers
6:00 P.M. November 21, 2023

Roll Call

Councilors Present: Lamb, Keller, Kolodge, Jaakola, Wilkinson, Mayor Maki

Councilors Absent: Carlson

Pledge of Allegiance

AGENDA

MOTION: Councilor Lamb moved and Councilor Kolodge seconded the motion to approve the November 21, 2023 agenda. The motion carried unanimously (6-0).

MINUTES

MOTION: Councilor Jaakola moved and Councilor Keller seconded the motion to approve the Regular Meeting minutes of November 7, 2023 as presented. The motion carried unanimously (6-0).

PUBLIC COMMENTS

There were none.

CONSENT AGENDAL

MOTION: Councilor Lamb moved and Councilor Wilkinson seconded the motion to adopt the Consent Agenda of November 21, 2023, approving the necessary motions and resolutions. The motion carried unanimously (6-0).

- a. Resolution No. 23-59, Authorizing the Payment of Bills
- b. Resolution No. 23-60, Certification of Delinquent Utilities and Miscellaneous Bills
- c. Authorize Contract with Sambatek, LLC for Professional Engineering Services
- d. Resolution No. 23-63, Approving Sand and Gravel Excavation Permit Renewals for 2024
- e. Approval of New Massage Therapy Business License – Cailin Deas
- f. Approval of New Massage Therapist License – S. Laveau

PUBLIC HEARINGS

Mayor Maki announced now is the time and place for the public hearing to consider the proposed adoption of the Development Program for Development District No. 6 and the proposed adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 6.1.

Community Development Director Holly Hansen presented an overview of the application received from Upper Lakes Foods for assistance to expand their warehouse by 7,000 square feet for an addition to their freezer space. This will also allow for the addition of 11 more employees.

MOTION: Councilor Kolodge moved and Councilor Keller seconded the motion to open the public hearing. The motion carried unanimously (6-0). The time is 6:12 p.m.

Hearing no public comments, the public hearing was closed.

MOTION: Councilor Wilkinson moved and Councilor Lamb seconded the motion to close the public hearing. The motion carried unanimously (6-0). The time is 6:13 p.m.

MOTION: Councilor Lamb moved and Councilor Keller seconded the motion to adopt **RESOLUTION NO. 23-61, ESTABLISHING DEVELOPMENT DISTRICT NO. 6 AND ADOPTING THE DEVELOPMENT PROGRAM THEREFOR; ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 6-1 WITHIN DEVELOPMENT DISTRICT NO. 6 AND ADOPTING THE TAX INCREMENT FINANCING PLAN THEREFOR; AUTHORIZING THE TERMS OF AN INTERFUND LOAN; AUTHORIZING THE EXECUTION OF A DEVELOPMENT AGREEMENT; AND APPROVING A BUSINESS SUBSIDY LOAN.** The motion carried unanimously (6-0).

WHEREAS:

(a) It has been proposed that the City of Cloquet, Minnesota (the "City"): (1) establish Development District No. 6 (the "Development District"); (2) adopt a Development Program for the Development District; (3) establish Tax Increment Financing District No. 6-1 therein (the "TIF District"); (4) approve and adopt the proposed Tax Increment Financing Plan therefor; (5) authorize the terms of an interfund loan related thereto; (6) authorize the execution of a development agreement; and (7) approve a business subsidy, all pursuant to and under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "Act"); and

(b) The City Council has investigated the facts and has caused to be prepared a development program for the establishment of the Development District (the "Development Program"), and has caused to be prepared a proposed tax increment financing plan for the TIF District therein (the "TIF Plan"); and

(c) The City has performed all actions required by law to be performed prior to the approval of the establishment of the Development District and the establishment of the TIF District therein, and the adoption of the Development Program and TIF Plan therefor, including, but not limited to, a review of the Planning Commission of the proposed Development Program and establishment of the TIF District, notification of Carlton County and Independent School District No. 94 having taxing jurisdiction over the property to be included in the TIF District and the holding of a public hearing upon published and mailed notice as required by law.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Cloquet as follows:

1. Development District No. 6. There is hereby established in the City a Development District No. 6, the initial boundaries of which are fixed and determined as described in the Development Program.

2. Development Program. The Development Program for the establishment of the Development District, a copy of which is on file in the office of the City Administrator, is adopted as the development program for the Development District.

3. Tax Increment Financing District No. 6-1. There is hereby established in the City within the Development District, Tax Increment Financing District No. 6-1, an economic development tax

increment financing district, the initial boundaries of which are fixed and determined as described in the TIF Plan.

4. Tax Increment Financing Plan. The TIF Plan is adopted as the tax increment financing plan for the TIF District, and the City Council makes the following findings:

(a) The TIF District is an economic development district as defined in Minnesota Statutes, Section 469.174, Subd. 12, the specific basis for such determination is set forth in Appendix C of the TIF Plan.

(b) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The reasons for such determination are set forth in Appendix C of the TIF Plan.

(c) In the opinion of the City Council, the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan. The reasons supporting this finding are set forth in Appendix C of the TIF Plan.

(d) The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole. The reasons for supporting this finding are set forth in Appendix C of the TIF Plan.

(e) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise. The reasons supporting this finding are set forth in Appendix C of the TIF Plan.

(f) Appendix C of the TIF Plan is incorporated herein by reference.

5. Public Purpose. The adoption of the Development Program for the Development District, and the adoption of the TIF Plan for the TIF District within the Development District conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is already built up to provide employment opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose.

6. Certification. The Auditor of Carlton County is requested to certify the original net tax capacity of the TIF District as described in the TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the City Administrator is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

7. Filing. The City Administrator is further authorized and directed to file a copy of the Development Program and TIF Plan for the TIF District with the Commissioner of Revenue and the Office of the State Auditor.

8. Administration. The administration of the Development District is assigned to the City Administrator who shall from time to time be granted such powers and duties pursuant to Minnesota Statutes, Sections 469.130 and 469.131 as the City Council may deem appropriate.

9. Interfund Loan. The City has determined to pay for certain costs (the "Qualified Costs") identified in the TIF Plan consisting of certain administrative expenses, which costs may be financed on a temporary basis from the City's general fund or any other fund from which such advances may be legally made (the "Fund"). Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the "Interfund Loan"):

(a) The City shall repay to the Fund from which the Qualified Costs are initially paid, the principal amount of \$23,871 (or, if less, the amount actually paid from such fund) together with interest at 5.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.

(b) Principal and interest on the Interfund Loan ("Payments") shall be paid annually on each December 31 commencing with the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of last receipt of tax increment from the TIF District ("Payment Dates") which Payments will be made in the amount and only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.

(c) Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding twelve (12) months with respect to the TIF District and remitted to the City by Carlton County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with tax increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.

(d) The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

(e) The Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from tax increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of tax increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.

(f) The City may amend the terms of the Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

10. Development Agreement and Business Subsidy.

(a) The Council hereby approves the Development Agreement in substantially the form submitted and the granting of the Business Subsidy as described in the Development Agreement, and the Mayor and the City Administrator are hereby authorized and directed to execute the Development Agreement on behalf of the Council.

(b) The approval hereby given to the Development Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City officials authorized by this resolution to execute the Development Agreement. The execution of the Development Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the Development Agreement in accordance with the terms hereof.

PRESENTATIONS

There were none.

APPROVE VOTER ACCOUNT FUNDS RECEIVED BY CARLTON COUNTY

MOTION: Councilor Keller moved and Councilor Jaakola seconded the motion to approve **RESOLUTION NO. 23-58, APPROVING CARLTON COUNTY TO RETAIL ALL VOTING OPERATIONS, TECHNOLOGY AND ELECTION RESOURCES (VOTER) ACCOUNT FUNDS RECEIVED.** The motion carried unanimously (6-0).

WHEREAS, On July 20, 2023, the Office of the Secretary of State completed the electronic transfer of \$1.25 million in accordance with the requirements of Minnesota Statutes section 5.305; and

WHEREAS, Carlton County is required to work with its local units of government to determine how the funds will be allocated within the county; and

WHEREAS, Carlton County currently administers the absentee and mail balloting for all precincts; and

WHEREAS, Carlton County pays for all maintenance for all election equipment utilized by the local units of government;

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, does hereby agree to allow Carlton County to retain all Voting Operations, Technology, and Election Resources (VOTER) Account Funds received.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 21st DAY OF NOVEMBER 2023.

PERSONNEL POLICY UPDATES

MOTION: Councilor Lamb moved and Councilor Kolodge seconded the motion to approve the changes to the Personnel Handbook incorporating changes approved with the new union contracts, updates incorporating laws passed by the MN Legislature and updates to the General Travel Guidelines for all City Employees. The motion carried unanimously (6-0).

ORDINANCE NO. 508A, AMENDING CHAPTER 17 ZONING MAP

MOTION: Councilor Lamb moved and Councilor Wilkinson seconded the motion to approve **RESOLUTION NO. 23-49, A RESOLUTION DENYING THE COMPREHENSIVE PLAN AMENDMENT (LAND USE PLAN) FROM “MODERATE TO HIGH DENSITY RESIDENTIAL” TO “HIGHWAY COMMERCIAL” FOR KEN MAKI.** The motion carried (5-1), Councilor Kolodge opposed.

MOTION: Councilor Jaakola moved and Councilor Lamb seconded the motion to deny **ORDINANCE NO. 508A, AMENDING CHAPTER 17, BY AMENDING THE ZONING MAP OF THE CITY OF CLOQUET FROM “R1-SINGLE-FAMILY RESIDENCE” TO “RC-REGIONAL COMMERCIAL”.** The motion carried unanimously (5-1), Councilor Kolodge denied.

RESOLUTION NO. 23-49

WHEREAS, Ken Maki is proposing a Comprehensive Plan Amendment (Land Use Plan) from “Moderate to High Density Residential” to “Highway Commercial”; and

WHEREAS, As required by ordinance, notification was advertised in the Pine Knot. A public hearing was held to consider the application at the regular meeting of the Cloquet Planning Commission on October 10, 2023, at which time Zoning Case / Development Review No. 23-10 was heard and discussed; and

WHEREAS, the property of the proposed Comprehensive Plan Amendment (Land Use Plan) is located south of North Road and Sunnyside Lane and is legally described as follows:

Part of the east half of Lot 25 lying northerly of the south line of Lot 33 extended westerly to the west line of said east half of Lot 25 and lying southerly of the north line of Lot 31 extended westerly to the west line of said east half of Lot 25, County Auditors Subdivision No. 4, Carlton County, Minnesota.

WHEREAS, the Planning Commission reviewed the staff report and recommends approval of the Comprehensive Plan Amendment (Land Use Plan).

1. **NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA,** that it denies Zoning Case 23-10 for a comprehensive plan amendment (land use plan) from “Moderate to High Density Residential” to “Highway Commercial” subject to it not taking effect until a building permit is issued.

ORDINANCE NO. 508A

The City Council of the City of Cloquet does hereby ordain as follows:

1. **Section 1.** The Zoning Map of the City of Cloquet is hereby amended to change the zoning designation of the following described property from R1 – Single-Family Residence to RC – Regional Commercial subject to a building permit being issued for Ken Maki:

Part of the east half of Lot 25 lying northerly of the south line of Lot 33 extended westerly to the west line of said east half of Lot 25 and lying southerly of the north line of Lot 31 extended westerly to the west line of said east half of Lot 25, County Auditors Subdivision No. 4, Carlton County, Minnesota.

2. **Section 2.** Effective Date. This ordinance shall take effect and be in force from and after its passage and publication in accordance with law.

ORDINANCE NO 509A, AMENDING CHAPTER 17 TO ALLOW MOBILE STORAGE STRUCTURE/SHIPPING CONTAINERS IN THE FR-FARM RESIDENTIAL DISTRICT – FIRST READING

City Council is asked to review **ORDINANCE NO. 509A, AN ORDINANCE TO AMEND CHAPTER 17 OF THE MUNICIPAL CODE TO ALLOW MOBILE STORAGE STRUCTURE/SHIPPING CONTAINERS IN THE “FR-FARM RESIDENTIAL DISTRICT”**. Action will be taken at the December 5, 2023 City Council meeting.

ISSUANCE OF CONDUIT REVENUE BONDS – LARSON COMMONS APARTMENTS

MOTION: Councilor Wilkinson moved and Councilor Keller seconded the motion to approve **RESOLUTION NO. 23-62, A RESOLUTION RELATING TO THE ISSUANCE OF CONDUIT REVENUE BONDS TO FINANCE THE COSTS OF A MULTIFAMILY RENTAL HOUSING FACILITY AND UNDER MINNESOTA STATUTES, CHAPTER 462C, AS AMENDED; GRANTING PRELIMINARY APPROVAL THERETO; CALLING FOR A PUBLIC HEARING; ESTABLISHING COMPLIANCE WITH CERTAIN REIMBURSEMENT REGULATIONS UNDER THE INTERNAL REVENUE CONDE OF 1986, AS AMENDED; AND TAKING CERTAIN OTHER ACTIONS WITH RESPECT THERETO (LARSON COMMONS APARTMENTS)**. The motion carried unanimously (6-0).

Section 1. Recitals.

1.01. The City is a statutory city and political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota.

1.02. Pursuant to Minnesota Statutes, Chapter 462C, as amended (the "Act"), the City is authorized to carry out the public purposes described in the Act by providing for the issuance of revenue bonds to provide funds to finance or refinance multifamily rental housing developments located within the City.

1.03 Steele Acquisitions IV LLC, a Colorado for profit limited liability company (or another entity to be formed by or affiliated with Steele Acquisitions IV LLC, the "Borrower"), has proposed that the City issue its revenue bonds, pursuant to the Act, in an aggregate principal amount not to exceed \$11,000,000, in one or more series at one time or from time to time (the "Bonds").

1.04. The proceeds of the Bonds are proposed to be loaned by the City to the Borrower to be applied by the Borrower to (i) finance the acquisition, renovation, construction and equipping of (a) an existing 85-unit affordable senior housing apartment community, known as Larson Commons, and related amenities located at 810 Cloquet Avenue in the City (the "Project"); (ii) fund one or more reserve funds to secure the timely payment of the Bonds, if necessary; (iii) pay interest on the Bonds during the construction of the Project, if necessary; and (iv) pay certain costs of issuing the Bonds.

1.05. The City desires to facilitate the maintenance and development of multifamily rental housing within the community; encourage the development of affordable housing opportunities for residents of the City; encourage the development and maintenance of housing facilities designed for occupancy by low- and moderate-income households; and encourage the development of blighted or underutilized land and structures within the boundaries of the City; and the Project will assist the City in achieving these objectives.

1.06. No public official of the City has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project.

1.07. Under Section 146 of the Code, the Bonds must receive an allocation of the bonding authority of the State of Minnesota. An application for such an allocation must be made pursuant to the requirements of Minnesota Statutes, Chapter 474A, as amended (the "Allocation Act") and preliminary approval of the issuance of the Bonds by the Council is sufficient to authorize the submission of an application to the State of Minnesota Management and Budget for an allocation of bonding authority with respect to the Bonds to finance the Project.

1.08. As a condition to the issuance of the Bonds, the City must adopt a housing program providing the information required by Section 462C.03, subdivision 1(a) of the Act (the "Housing Program").

1.09. Under the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), prior to the issuance of the Bonds, a duly noticed public hearing on the Housing Program and Project must be held by the City Council.

Section 2. Preliminary Findings. Based on representations made by the Borrower to the City to date, the Council hereby makes the following preliminary findings, determinations, and declarations:

(a) The Project consists of the acquisition, renovation, construction, and equipping of a multifamily rental housing development designed and intended to be used for rental occupancy.

(b) The proceeds of the Bonds will be loaned to the Borrower and the proceeds of the loan will be applied to: (i) the acquisition, construction, and equipping of the Project; (ii) the funding of one or more reserve funds to secure the timely payment of the Bonds, if necessary; (iii) the payment of interest on the Bonds during the construction of the Project, if necessary; and (iv) the payment of the costs of issuing the Bonds. The City will enter into one or more loan agreements (or other revenue agreement) with the Borrower requiring loan repayments from the Borrower in amounts sufficient to repay the loan when due and requiring the Borrower to pay all costs of maintaining and insuring the Project, including taxes thereon.

(c) In preliminarily authorizing the issuance of the Bonds and the financing of the acquisition, renovation, construction, and equipping of the Project and related costs, the City's purpose is to further the policies of the Act.

(d) The Bonds will be special, limited obligations of the City payable solely from the revenues pledged to the payment thereof under the loan agreements (or other revenue agreement) referred to above, and will not be a general or moral obligation of the City and will not be secured by or payable from revenues derived from any exercise of the taxing powers of the City.

Section 3. Submission of an Application for an Allocation of Bonding Authority. Under Section 146 of the Code, the Bonds must receive an allocation of the bonding authority of the State of Minnesota. The City Council hereby authorizes the submission of an application for allocation of bonding authority pursuant to Section 146 of the Code and the Allocation Act in accordance with the requirements of the Allocation Act. The Mayor

of the City or the City Administrator and Bond Counsel are hereby authorized and directed to take all actions, in cooperation with the Borrower, as are necessary to submit an application for an allocation of bonding authority to Minnesota Management & Budget.

Section 4. Housing Program. Taft Stettinius & Hollister LLP, acting as bond counsel with respect to the Project and the Bonds ("Bond Counsel"), shall prepare and submit to the Metropolitan Council, for its review, a draft Housing Program to authorize the issuance by the City of up to approximately \$11,000,000 in revenue bonds in one or more series, at one time or from time to time, to finance the acquisition, construction, and equipping of the Project by the Borrower. City staff is hereby authorized to review, approve and submit the Housing Program to the Metropolitan Council for its review on or before the date of publication of the Public Notice. A draft copy of the housing finance program with proposed forms of all attachments and exhibits shall be on file in the office of the City Administrator on the date the Notice of Public Hearing is published.

Section 5. Public Hearing. The City Council will conduct a public hearing on the Housing Program, the Project, and the issuance of the Bonds by the City at a regular or special meeting on a date to be determined by the City staff in order to meet publication requirements in accordance with applicable law. Notice of such hearing (the "Public Notice") will be published as required by Section 462C.04, subdivision 2 of the Act and Section 147(f) of the Code. City staff is hereby authorized to cause the Public Notice, in substantially the form attached hereto as EXHIBIT A, to be published in accordance with applicable law. The Public Notice will provide a general, functional description of the Project, as well as the maximum aggregate face amount of the obligations to be issued for the purposes referenced above, the identity of the initial owner, operator, or manager of the Project, and the location of the Project. The Public Notice is authorized to be published in a newspaper circulating generally in the City on a date at least 15 days before the meeting of the City Council at which the public hearing will take place. At the public hearing reasonable opportunity will be provided for interested individuals to express their views, both orally and in writing, on the Project and the proposed issuance of such revenue obligations.

Section 6. Preliminary Approval. The City Council hereby provides preliminary approval to the issuance of the Bonds in the approximate aggregate principal amount of up to \$11,000,000 to finance all or a portion of the costs of the Project pursuant to the Housing Program of the City, subject to: (i) review of the Housing Program by the Metropolitan Council; (ii) a public hearing as required by the Act and Section 147(f) of the Code; (iii) receipt of an allocation of the bonding authority from the State of Minnesota; (iv) final approval by the City Council following the preparation of bond documents; and (v) final determination by the City Council that the financing of the Project and the issuance of the Bonds are in the best interests of the City.

Section 7. Reimbursement of Costs under the Code.

7.01. The United States Department of the Treasury has promulgated regulations governing the use of the proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the City or the Borrower for project expenditures paid prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the "Regulations") require that the City adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that the bonds be issued and the reimbursement allocation made from the proceeds of the bonds occur within 18 months after the later of: (i) the date the expenditure is paid; or (ii) the date the project is placed in service or

abandoned, but in no event more than 3 years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the bonds.

7.02. To the extent any portion of the proceeds of the Bonds will be applied to expenditures with respect to the Project, the City reasonably expects to reimburse the Borrower for the expenditures made for costs of the Project from the proceeds of the Bonds after the date of payment of all or a portion of such expenditures. All reimbursed expenditures shall be capital expenditures, costs of issuance of the Bonds, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations and also qualifying expenditures under the Act.

Based on representations by the Borrower, other than (i) expenditures to be paid or reimbursed from sources other than the Bonds, (ii) expenditures permitted to be reimbursed under prior regulations pursuant to the transitional provision contained in Section 1.150-2U(2)(i)(B) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a "de minimus" amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures with respect to the Project to be reimbursed with the proceeds of the Bonds have been made by the Borrower more than 60 days before the date of adoption of this resolution of the City.

7.03. Based on representations by the Borrower, as of the date hereof, there are no funds of the Borrower reserved, allocated on a long term-basis, or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside), to provide permanent financing for the expenditures related to the Project to be financed from proceeds of the Bonds, other than pursuant to the issuance of the Bonds. This resolution, therefore, is determined to be consistent with the budgetary and financial circumstances of the Borrower as they exist or are reasonably foreseeable on the date hereof.

Section 8. Costs. The Borrower will pay the administrative fees of the City and pay, or, upon demand, reimburse the City for payment of, any and all costs incurred by the City in connection with the Project and the issuance of the Bonds, whether or not the Bonds are issued.

Section 9. Commitment Conditional. The adoption of this resolution does not constitute a guarantee or a firm commitment that the City will issue the Bonds as requested by the Borrower. If, as a result of information made available to or obtained by the City during its review of the Project, it appears that the Project or the issuance of Bonds to finance or refinance the costs thereof is not in the public interest or is inconsistent with the purposes of the Act, the City reserves the right to decline to give final approval to the issuance of the Bonds. The City also retains the right, in its sole discretion, to withdraw from participation and accordingly not issue the Bonds should the City Council, at any time prior to the issuance thereof, determine that it is in the best interests of the City not to issue the Bonds or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents for the transaction.

Section 10. Effective Date. This Resolution shall be in full force and effect from and after its passage.

COUNCIL COMMENTS, ANNOUNCEMENTS, AND UPDATES

There were none.

CLOSED SESSION

MOTION: Councilor Lamb moved and Councilor Wilkinson seconded the motion to adjourn into a closed session pursuant to MN Statute 13.D.03 regarding the Teamsters labor contract negotiations. The motion carried unanimously (6-0). The time is 6:48 p.m.

MOTION: Councilor Wilkinson moved and Councilor Lamb seconded the motion to reconvene in open session. The motion carried unanimously (6-0). The time is 7:28 p.m.

ADJOURNMENT

On a motion duly carried by a unanimous yea vote of all members present on roll call, the Council adjourned.

Tim Peterson, City Administrator